

## Message Text

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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R 171045Z SEP 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6524

S E C R E T CAIRO 9212

NODIS

FOR THE SECRETARY FROM AMBASSADOR

EO 11652: GDS

TAGS: PFOR EG US

SUBJECT: COCA-COLA AND BOYCOTT

REF: STATE 218168

1. DURING MY MEETING WITH FAHMY YESTERDAY, I TOOK THE OCCASION TO EXPLAIN THE COCA-COLA MATTER TO HIM. I REMINED FAHMY THAT HE HAD SEVERAL MONTHS AGO COMPLAINED TO YOU ABOUT FORD HAVING GONE DIRECTLY TO THE EGYPTIAN BOYCOTT OFFICE AND SAID SUCH FIRMS SHOULD COME TO HIM. THAT GOOD COUNSEL HAD BEEN PASSED ON THE BOARD CHAIRMAN AUSTIN. YOU HAD NOT SPECIFICALLY TALKED TO COCA-COLA OR ANYONE ELSE SINCE THE INTERIM AGREEMENT AND, WHATEVER SAM AYOUB MAY HAVE SAID, YOU DID NOT ARRANGE TO HAVE THE LATTER RUSH TO CAIRO.

2. I ADDED THAT WE HAD BEEN SOMEWHAT SURPRISED BY HIS THREATS IN CONNECTION WITH THE BOYCOTT MATTER. WHILE WE ALWAYS DESIRE TO KNOW GOE VIEWS, THESE COULD BE MADE WITHOUT RESORTING TO THREATS. WE UNDERSTAND HIS TIMING PROBLEM WITH RESPECT TO ACTIONS CONCERNING AMERICAN FIRMS, BUT WHEN AMERICAN FIRMS MAKE REASONABLE INQUIRIES CONCERNING THE POSSIBILITIES OF DOING BUSINESS IN EGYPT, THEY OUGHT NOT BE GIVEN THE COLD SHOULDER. IT OUGHT TO BE

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POSSIBLE FOR HIM TO EXPLAIN TO THEM THAT AT

SOME APPROPRIATE TIME THERE MIGHT BE POSSIBILITIES.

3. AFTER WHAT HE CONSIDERS HIS PERSONAL SUCCESS IN SOLVING THE MADRID INCIDENT, FAHMY WAS IN A RELAXED MOOD. HE ACKNOWLEDGED HE HAD CRITICIZED FORD'S GOING TO THE BOYCOTT OFFICE AND HAD SUGGESTED THEY SHOULD HAVE COME TO HIM. HE HAD MEANT ONLY FORD, NOT COCA-COLA OR OTHERS. I REMINDED HIM THAT, DURING OUR DISCUSSIONS THE PAST SIX MONTHS ABOUT THE BOYCOTT PROBLEM, COCA-COLA HAD BEEN ONE OF THE THREE FIRMS HE HAD MENTIONED. FAHMY AGREED, BUT POINTEDLY OBSERVED THAT COCA-COLA HAS BEEN DEALING THROUGH MARWAN. WE SHOULD UNDERSTAND, MOREOVER, THAT THE PRESSURE OF HIS WORK IS SUCH THAT HE IS HARDLY IN A POSITION TO MEET EVERY VISITING AMERICAN BUSINESSMAN. HE THOUGH AMERICAN BUSINESSMEN WHO COME TO EGYPT ARE ALWAYS WELL RECEIVED. IF WE HAVE HAD ANY COMPLAINTS ON THIS SCORE, HE WOULD LIKE TO KNOW AND WOULD AT ONCE TAKE NECESSARY CORRECTIVE MEASURES.

4. I AGREED THAT THE SPATE OF AMERICAN BUSINESSMEN WHO HAVE COME THROUGH CAIRO IN THE PAST YEAR OR MORE HAVE ALL BEEN HOSPITABLY RECEIVED. THE ISSUE IN QUESTION IS SOLELY HOW HE, AS THE PERSON WHO MORE THAN ANYONE ELSE CONCEIVED THE POSSIBILITY OF PERMITTING SOME NOW BOYCOTTED AMERICAN FIRMS TO DO BUSINESS IN EGYPT, WANTS THIS MATTER HANDLED. ON OUR PART, WE WANT TO WORK WITH HIM TO ACHIEVE OUR MUTUAL OBJECTIVES, BUT WE NEED HIS COUNSEL AND COOPERATION.

5. FAHMY AGREED THAT WE MUST WORK TOGETHER ON THIS, BUT REITERATED TIMING IS ALL IMPORTANT. THE CURRENT ARAB FUROR ABOUT THE DISENGAGEMENT AGREEMENT SHOULD FIRST BE ALLOWED TO SUBSIDE. THEN, AS HE HAD PROMISED, HE WILL QUIETLY BEGIN TO TAKE STEPS TO IMPLEMENT WHAT WE HAD TALKED ABOUT-- FIRST PROBABLY WITH FORD AND THEN GRADUALLY

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WITH OTHERS.

6. HOWEVER, IF THE ISRAELIS SEIZE UPON SUCH ACTION ON HIS PART PUBLICLY TO SUGGEST THAT GOE HAS BEEN PERSUADED TO LIFT THE BOYCOTT ON AMERICAN FIRMS AS PART OF THE NEW DISENGAGEMENT AGREEMENT, HE WOULD BE COMPELLED TO PUBLISH THE APPROPRIATE LETTER AND CHALLENGE THEM TO SHOW ANY REFERENCE

TO THE BOYCOTT IN THAT LETTER. HE RECALLED HE HAD ALREADY MADE PUBLIC STATEMENTS TO THIS EFFECT. HE DENIED THIS INTENDED AS A THREAT, BUT AS A STATEMENT OF FACT. EGYPT HAS TAKEN SOME GRAVE POLITICAL RISKS IN SIGNING THE NEW DISARMAMENT AGREEMENT AND IS INVOLVED IN A NO-HOLD-BARRER STRUGGLE TO RETAIN ITS POSITION AND INFLUENCE IN THE ARAB WORLD.

7. I REITERATED THE IMPORTANCE OF GOE KEEPING COOL AT THIS JUNCTURE AND AVOIDING UNHELPFUL ACTIONS AND STATEMENTS. HE AGREED, BUT CONTENDED GOE CANNOT STAND IDLY BY WHILE THE ISRAELIS ARE DELIBERATELY SEEKING TO EMBARRASS SADAT THROUGH PUBLICITY. GOE WILL HONOR ITS COMMITMENT ON THE BOYCOTT, FAHMY REITERATED, BUT MUST CHOOSE THE TIME TO DO SO. HE WOULD APPRECIATE OUR UNDERSTANDING AND COOPERATION ON THIS MATTER.

8. NOTE: RE THE FORD MATTER, IT WAS PRIMIN MAMDHOUH SALEM WHO TOLD A VISITING FORD VP FOR EUROPEAN AFFAIRS THAT HE SHOULD DISCUSS THE MATTER WITH ARAB LEAGUE SYG MAHMUD RIAD. THE LATTER IN TURN REFERRED THE CASE TO THE ARAB LEAGUE BOYCOTT OFFICE, WHICH THEN SENT A QUESTIONNAIRE OF SORTS TO FORD. FORD VP WAYNE FREDERICKS, WHOM I HAD ON SEVERAL OCCASIONS URGED NOT TO GO TO THE ARAB LEAGUE, WAS MUCH ABASHED ABOUT HIS COLLEAGUES ACTION, BUT SAID LATTER CONCLUDED HE HAD NO CHOICE AFTER PRIMIN'S ADVICE. UNFORTUNATELY, PRIMIN SALEM KNOWS NOTHING ABOUT THIS SORT OF THING AND GOOFED. RESIDENT FORD REP HERE IS QUIETLY TRYING TO WORK THINGS OUT.

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## Message Attributes

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